Interim Results

28th August 2008

Agenda

- Highlights and Key Messages - Simon Pryce
- Financial Performance - Andrew Wood
- Business Review and Summary - Simon Pryce
- Q&A

1st Half Highlights

- **Solid interim results**
  - Sales increased by 15%, organic 2%
  - Operating profit £51.6m (2007: £51.3m excl. Oxford)
  - £4.9m compensation for 9/11 agreed with US Government
  - EPS increased to 7.8p (2007: 7.7p), interim dividend increased to 2.30p (2007: 2.25p)
- **Sound trading**
  - Signature 4% decline in a challenging market
  - ASIG trading satisfactorily, TOGA contract on schedule
  - ERO delivered continuing improvement
  - Legacy strong growth, order book at record levels
  - APPH good growth and margins maintained
- **Continued strategic development**
  - Hawker Beechcraft, Munich FBO, aircraft grooming acquisitions
  - ERO/ Legacy new authorisations and licences

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BBA Aviation Well Positioned

- **Market leading businesses**
- **Strong long-term secular growth in the B&GA market**
- **Robust through short-term cyclicality**
- **Financing capacity and flexibility for continued strategic development**

BBA Aviation – 5 Market Leading Robust Businesses

Business	Principal Market	% Group	Barriers to Entry	Operational Gearing (% costs fixed)
Signature	Global B&GA support services	50%	Brand strength and reputation Long term leases in high quality locations Integrated global network Economies of scale	ca 25%
ASIG	UK, US commercial aviation services	10%	Licences to operate Technical expertise Brand strength and reputation Customer relationships	ca 25%
ERO	Global B&GA engine repair and overhaul	20%	Engine authorisations Sales and service infrastructure Capital investment OE/Customer relationships	ca 15%
Legacy	Military, commercial and B&GA legacy product support	10%	OEM sole source licences Intellectual property Adoption process Supply chain management expertise	ca 30%
APPH	Military and B&GA OE and aftermarket services	10%	Intellectual property, proprietary design Technological capability System integration expertise 3rd party approvals	ca 20%

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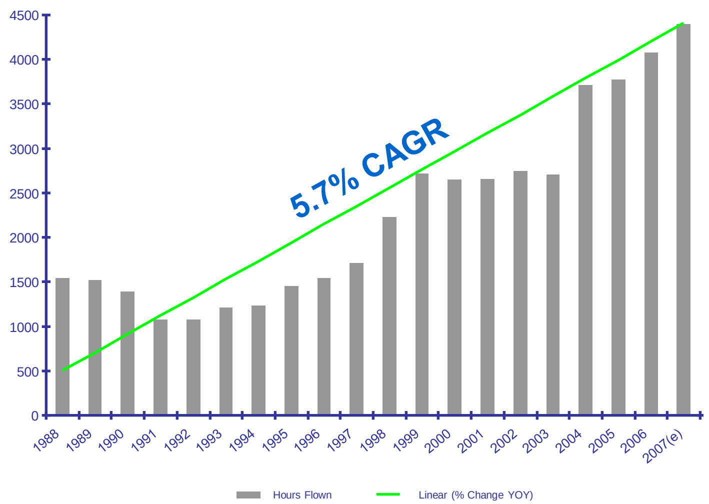
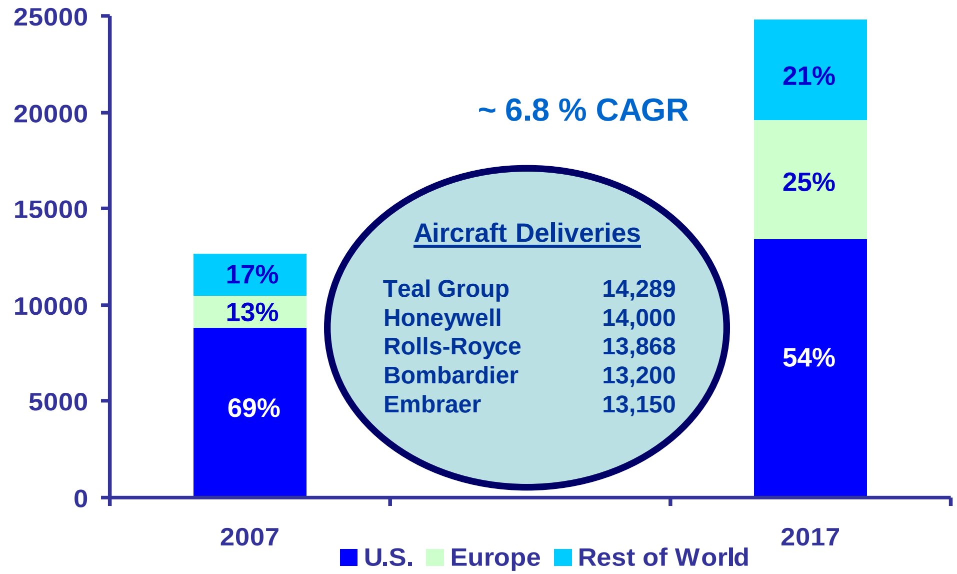
Business & General Aviation – Long Term Secular Growth

Turbojet Hours Flown (000's) 1980 to 2007



Source: GAMA 2006 & 2007 General Aviation Statistical Databook & Industry Outlook; FAA Aerospace Forecast FY2008-FY2025

~ Business Jet Deliveries – 10 Year Outlook



Source: Teal Group Business Jet Overview 2008; OEM Market Outlooks 2007 & 2008; FAA Aerospace Forecast 2008 - 2025

- **Strong through cycle drivers**
  - Growth in wealth generation (personal and corporate)
  - Affordability
- **Limited structural threats**
  - Costs/availability of alternatives
- **Increasing global demand**

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BBA Aviation Businesses Responding Robustly

- **Signature**
  - Network customer strength, cost reduction, increasing global exposure
- **ASIG**
  - Major carrier, large hub, long haul focus
  - Cost reductions
- **ERO**
  - Later cycle and shallower
  - New programmes growing strongly, global exposure
- **Legacy**
  - Counter cyclical, 50% military
- **APPH**
  - Largely programme specific military

Financing Capacity & Flexibility

- **Stable facility structure with significant headroom**
- **Focus on cash return on invested capital**
- **Ability to mitigate any further deterioration in market**
  - Operational
  - Capital investment
- **Capacity for continued strategic development**
- **Longer term portfolio choices**

Financial Performance

Andrew Wood

Income Statement

Continuing Operations - £m	H1 2008	H1 2007	Change
Revenue	**560.5**	486.7	15%
Revenue (Fuel adjusted)	**514.6**		6%
Operating Profit*	**51.6**	53.2	(3)%
Margin %*	**9.2%**	10.9%	
Margin % (Fuel adjusted)*	**10.0%**		
EBITDA*	**67.5**	68.1	(1)%
EBITDA Margin*	**12.0%**	14.0%	
Net Interest	**(7.8)**	(9.8)	21%
Pre Tax**	**43.8**	43.4	1%
EPS*	**7.8p**	7.7p	1%
Dividend	**2.30p**	2.25p	2%
Return on Invested Capital	**10.9%**	11.3%	

* Pre restructuring costs and amortisation of acquired intangibles net of gain on disposal of businesses and claims

** Operating profit less interest

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Income Statement

£m	**H1 2008**	H1 2007
Pre Tax Profit*	**43.8**	43.4
Restructuring costs	**(1.3)**	(0.8)
Amortisation of acquired intangibles	**(0.7)**	(0.2)
Other operating income	**4.9**	-
Gain on disposal of businesses	**-**	18.8
Total Profit Before Tax	**46.7**	61.2
Loss after tax from discontinued operations	**-**	-
Profit for the period	**33.5**	47.6
Tax rate	**27.0%**	27.3%

* Pre restructuring costs and amortisation of acquired intangibles net of gain on disposal of businesses

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Flight Support

H1 2008			H1 2007		
Sales £m	**Op Profit £m**	**Margin %**	Sales £m	Op Profit £m	Margin %
347.0	**34.5**	**9.9**	281.9	36.0	12.8

- **Organic revenue decline of 4%**
- **Acquisitions contributed £29m sales @ circa. 10% margin**
- **Sales in H1 2008 increased by £46m due to fuel prices**
- **Margins impacted by fuel prices – H1 2008 11.5% on a like-for-like basis**
- **Divisional ROIC 13.1% (2007: 13.9%)**

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Aftermarket Services & Systems

H1 2008			H1 2007 (excl. Oxford)			H1 2007		
Sales £m	**Op Profit £m**	**Margin %**	Sales £m	Op Profit £m	Margin %	Sales £m	Op Profit £m	Margin %
213.5	**22.7**	**10.6**	194.1	19.9	10.3	204.8	21.9	10.7

- **Organic revenue growth of 11%**
- **Operating profit up 14% (excl. Oxford in H1 2007)**
- **Margins increased to 10.6% (10.3% excl. Oxford)**
- **Divisional ROIC (excl. Oxford) improved to 9.8% (2007: 9.5%)**

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Cash Flow / Debt

	H1 2008 £m	H1 2007 £m
Cash flow from operating activities (continuing)	**50.9**	45.8
Cash flow from operating activities (total)	**50.9**	23.3
Net Capital Expenditure (continuing)	**21.9**	19.6
Capital Expenditure to Depreciation	**1.3x**	1.3x
Working Capital Movement (continuing)	**(6.1)**	(9.0)
Free Cash Flow* (continuing)	**16.8**	13.0
Free Cash Flow* (total)	**16.8**	(9.5)
Acquisitions	**5.4**	2.9
Disposals (net of costs)	**-**	32.0

	H1 2008 £m	Yr end 07 £m
Debt	**398.7**	375.2
Net Debt to EBITDA	**2.9x**	2.8x

* Cash generated by operations plus dividends from associates less tax, interest & capital expenditure

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BBA's Stable Facility Structure & Financial Capacity

- **Total facilities available of $1,175m**
- **Mixture of tenor**
  - 2 year $100m (Aug 2010)
  - 3 year $175m (Aug 2011)
  - 5 year $900m (Sep 2012)
- **Facility headroom (after Hawker Beechcraft) $175m**
- **Key covenant 3.5x Net debt to EBITDA**
  - 2.9x June 2008

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Capital Expenditure (Gross)

	H1 2008 £m	H1 2007 £m
Signature	**5**	5
ASIG	**8**	3
Flight Support	**13**	8
ERO	**5**	4
Legacy Support	**3**	2
APPH	**1**	2
Oxford	**-**	6
After Market Services & Systems	**9**	14
Group	**22**	22

Financial Summary

- **Solid financial performance in first half**
  - Earnings maintained
  - Progress on working capital
  - Good free cash flow
- **Second half**
  - Hawker Beechcraft acquisition impact
  - Free cash flow expected to increase
- **Tax rate maintained at 27%**

Business Review

Simon Pryce

Business Review - APPH

- **Strong sales growth - 13%**
- **Margins maintained despite increased OE content**
- **ROIC impacted by supply chain constraints**
- **New orders**
  - India LCH pitch control actuation c.$30m over 10 years
  - BAE Systems UCAV Teranis
  - Approved by Boeing for R&O of B717 landing gears worldwide
- **Legacy Support / APPH coordination yielding benefits**
- **Manufacturing expertise benefiting other businesses in the Group**

Business Review - Legacy

- **Strong sales growth - 12%**
- **Continued margin and ROIC improvement**
- **Order book at record levels, 45% up on 07**
- **Successful adoptions**
  – Goodrich landing gear, Hamilton Sundstrand OBIGGS
- **Continued acquisition of new licences**
  – Cost $6m
  – Hamilton Sundstrand fuel controls, LANTIRN
- **Strong pipeline of opportunities**

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Business Review - ERO

- **Strong sales growth of 11% - PW300/500, TFE731 and Tay**
- **Signature association facilitated Engine Service agreement with Hawker Beechcraft**
- **International markets (now 36% of business) strong**
- **Extended term of authorisation for PT6, PW100 and PW500 adding 16 new models**
- **Continued operational improvement**
  - ERO, Parts Distribution responding well
- **Inventory reduction of £5m, supporting improving ROIC**
- **Cost mitigation opportunities**

Business Review - ASIG

- **TOGA contract start-up proceeding well, additional revenue in second half, short term ROIC impact**
- **Exit from uneconomic contracts broadly completed**
- **Little impact from flight schedule reductions**
- **Cost increases impacting margin:**
  - fuel purchased for own consumption
  - bad debts, situation being closely monitored
- **Small UK cleaning acquisition (£2.1m)**
- **Cost reduction plans executed**

Business Review - Signature

- **Organic sales decline 4% (USA down 7%, ROW up 7%)**
  - Fractionals marginally down, charter / transients weak
- **High fuel prices yet to have material impact on B & GA economics**
  - 52% inc in avg fuel cost per gal since 05 only increased operating cost by $300k pa
- **Increase in fuel costs making non-network customers more price sensitive**
  - Marginal user/ transient decline, limited corporate deferral
  - Particular impact in business hubs
- **No real evidence yet of recovery in North America**
- **No evidence of Europe / ROW slow down**

Business Review - Signature

- **Cost reduction plans executed**
- **Continued strategic development**
  - Hawker Beechcraft integration commenced
    - 6 out of 7 sites acquired 24 July
    - 7th site (Van Nuys) completion expected shortly
    - Indianapolis disposal underway
  - Munich acquisition with other opportunities being pursued globally
  - Maintaining financial discipline

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Outlook

- **ASIG continues to trade in line with expectations**
  - No material impact of Q4 schedule reductions
- **ERO, Legacy and APPH continue to perform well**
- **Signature USA market remains volatile**
  - No real signs of recovery yet
  - September – November key
- **H2 benefit from acquisitions, improved operational performance**
- **Assuming no further adverse economic impact, performance in second half of 2008 broadly similar to first**

Summary

- **Solid first half in challenging markets**
  - Robust businesses with some cyclical / geographical balancing
  - Continued underlying operational improvement
- **Further strategic development**
  - Continued expansion of Signature network, bolt on acquisitions, new engine authorisations and licence / new business wins
  - Cultural change beginning to yield results
- **Unique assets in growth markets**
  - Market leading businesses, strong barriers to entry
  - Long term, structural market growth
  - Consolidation opportunities with real consolidation benefits
- **BBA Aviation – limiting the impact of cyclical softening, positioned for an exciting future**

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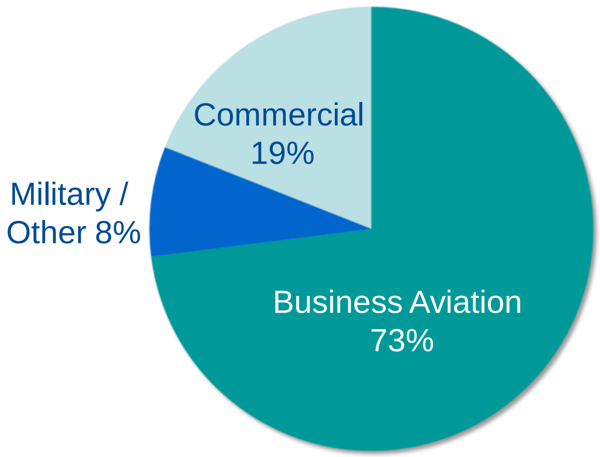
Q&A

APPENDICES

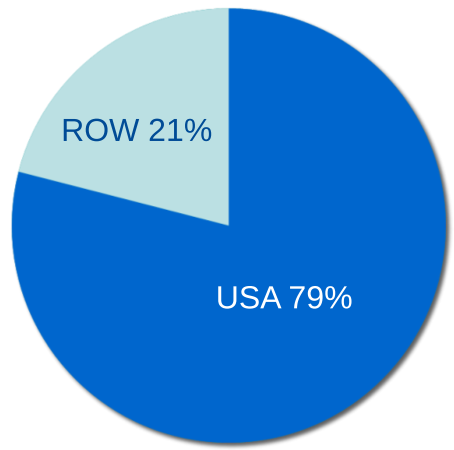
BBA Aviation – A Reminder

- **Unique, focused aviation services and systems and legacy support group**

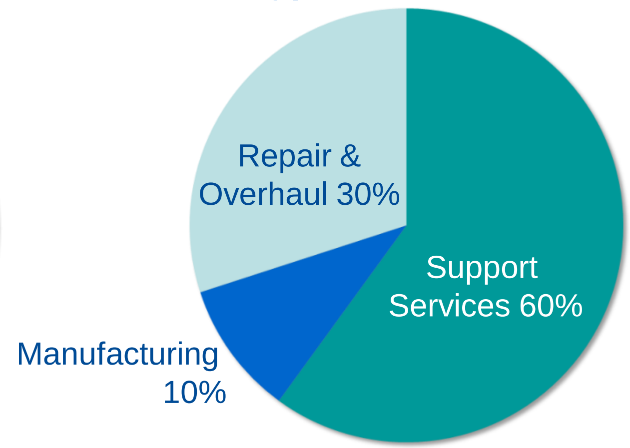
Markets



Geography (Origin)



Type of Business



- **Focused on B&GA, with military & legacy mitigating cyclical exposure**
- **Services focus with repair and overhaul & manufacturing strengths**
- **US $ based, US business but with growing non-US exposure**

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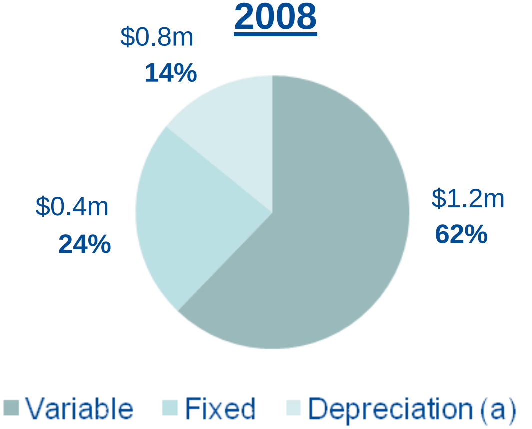
Cost of Ownership Not Significantly Impacted by Oil

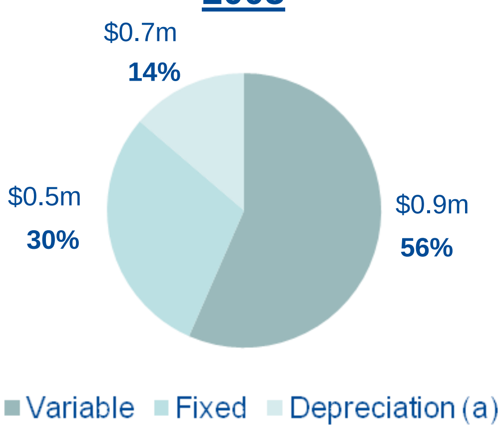
Operating Costs – Typical Medium Jet (Capital Cost c. $13m)

Total Operating Costs

2008

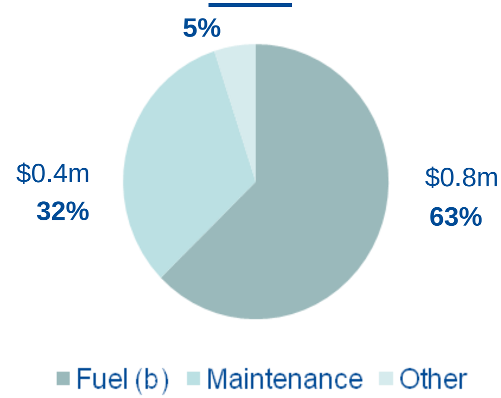


2005

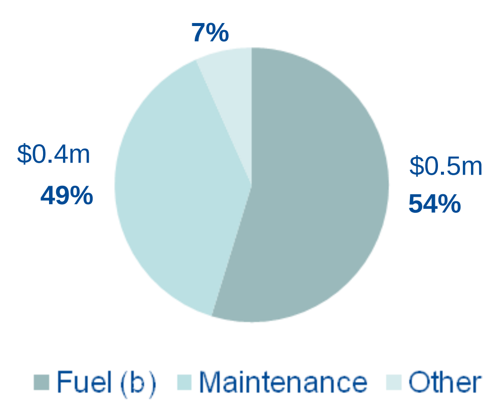


Direct Operating Costs

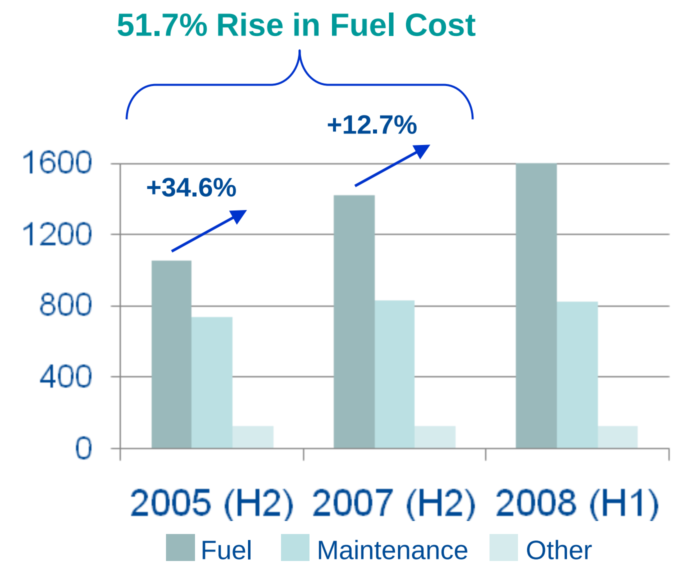
2008



2005



Fuel and DOC 2005 to 2008



Fuel +16.6% as percent of DOC, 2005 -2008

Average fuel cost per gallon:

2005 (H2) = $4.04
2007 (H2) = $5.44
2008 (H1) = $6.13

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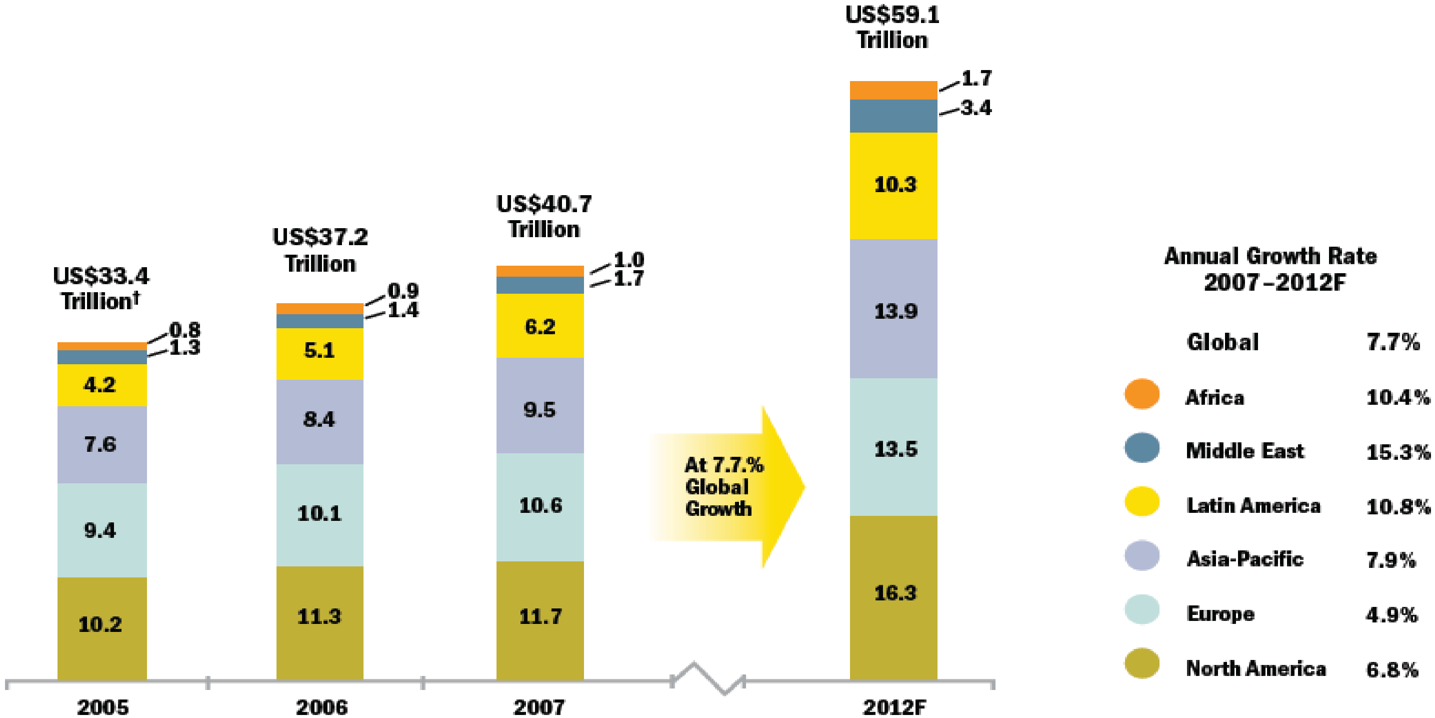
Source: Conklin & deDecker Associates, Inc. "The Aircraft Cost Evaluator"; 2005, 2007, 2008

High Net Wealth Individuals Increasing Rapidly

HNWI Financial Wealth Forecast 2005 – 2012 (by Region) US$ Trillions)



† Bahrain and Qatar were added to the model for years 2005 onward
Note: All chart numbers are rounded
Source: Capgemini Lorenz curve analysis, 2008

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